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United States Bankruptcy Court

District of Delaware

Bankruptcy # 00-024V6-PVW

Inacom Corp.

Expert Witness Report of

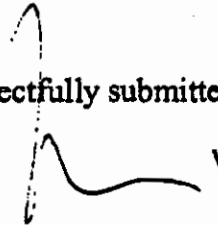
Stuart A. Gollin, CPA, CIRA

April 29, 2005



This Report may be revised, updated or supplemented based upon further discovery and the reports of other experts.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Stuart A. Gollin', written over the typed name.

Stuart A. Gollin

April 28, 2005

## INACOM

### 1. Description of engagement:

We have been asked to assist you in helping to explore "ordinary business terms" as defined in Bankruptcy Code Section 547(c)(2)(C). You have asked us to analyze the issue from the creditor's perspective, rather than from that of the debtor. The following will outline the work that Weiser has performed in preparing a database to determine the components of the "ordinary business terms" defense.

Inacom was a single-source provider of information technology services and products designed to enhance the productivity of information systems primarily for Fortune 1000 clients. The Company offered a comprehensive range of services to manage the entire technology lifecycle including: technology planning, technology procurement, technology integration, technology support and technology management. Inacom sold its services and products through a marketing network of approximately 90 business centers owned by the Company throughout the United States that focused on serving large corporations. The Company had international locations in Central America, South America and Mexico and international affiliations in Europe, Asia, the Caribbean, Middle East, Africa and Canada. Inacom filed Chapter 11 bankruptcy on Friday, June 16, 2000.

The objective of the engagement was to gather information on actual practices and written accounts payable and receivable policies in the following markets:

- Computer Hardware
- Computer Software
- Telecommunications Hardware and Services

### 2. Conclusions:

Approximately 69.7% of account payments are made within the invoice contract terms, and 90% are made in the 30-day window and current. It appears that most of the companies that we looked at had general rules that payments on accounts payable were to be made within the applicable payment terms. It appears that it is the exception when payments are made outside of terms. Generally speaking, we conclude that ordinary industry practice reveals mostly current payment with some slippage to 30 days past due.

### 3. Description of work performed:

The information available was limited, and at times, time consuming and difficult to obtain. It took hours of investigation, calling, interviewing and analyzing responses.

First, we documented the businesses that Inacom and each of the preference defendants were engaged in (see Schedules 1 and 2). Industries in the Technology Sector included: communications equipment, computer hardware, computer networks, computer peripherals, computer services, computer storage devices, electronic instruments and controls, office equipment, scientific and technical instruments, semiconductors, and software and programming.

Next, we conducted a thorough search of Weiser clients in similar industries as the preference defendants. Partners in charge of specific clients were contacted and asked to communicate with

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their clients to determine the clients' receivable and payable practices. Clients were contacted and interviewed. The clients were asked various questions that related to the database build up (see Schedule 4). We documented the outcome of the result for potential further industry analysis.

We also contacted partners of our affiliates at Moores Rowland International with offices in the largest cities in the U.S. We interviewed them about their clients and the industries under review. Some of the clients of the associated accounting firms of Weiser came forward and assisted us in our analysis of their receivable and payable practices. These clients of our associates were asked various questions, similar to the initial questions we asked our clients, relating to the database build up. After they were interviewed, we scheduled the outcome of the result for a further and more inclusive industry analysis.

We also availed ourselves of Dun & Bradstreet services (see Schedule 2). We analyzed D&B information reports for each of the preference defendants. The reports were very useful in obtaining an overall understanding about the companies, their industries and their competitors. We also analyzed D&B payment analysis reports for a number of companies in the defendants' industries. We created a database with the information provided in the D&B reports, from a total of 38 companies, based on a total of 11,692 confirmed records, averaging approximately 108 records per company. These reports gave us a better understanding of an industry's payable terms and actual practices that the companies have been employing. (Schedule 3 represents the detail underlying the D&B reports that were analyzed.)

We also worked with a technology and finance team, Strategic Consulting & Research Group ("Strategic") located at 625 Avenue of the Americas, New York, NY 10011. Strategic was engaged by Weiser LLP to communicate with companies in the targeted industries and conduct oral research of receivable and payable practices. Strategic was given a list of questions (see Schedule 5), which was determined by Weiser LLP. Under our supervision, Strategic polled, researched and interviewed the companies which were in the industries in question. Under our supervision, Strategic accessed and polled clients of their affiliates around the country. Together with Strategic, we researched the various industries and their particular credit/ordinary payment histories. We then compiled all of the information into a detailed report that could be used to analyze and test the "ordinary" practice information described above (see Schedule 6).

The initial search amounted to 326 clients from about 30 various industries. After a review, we were able to narrow our search to 94 clients that directly relate to the industries in question. Of these 94 client responses, we filtered out those who were out of business, not willing to communicate their receivable and payable practices, and no longer clients of Weiser. We then developed a list of target companies and prepared discussion guides based on the objectives of the engagement. The interviews were conducted with financial executives or accounts payable/receivable personnel within the target companies.

We hypothesized that accounts payable and receivable credit terms may vary from industry to industry and company to company, and that a company's actual practice may deviate from its written policies. The data gathered helped us to better understand whether businesses in specific markets differentiate their accounts payable and receivable terms by customer based on size, volume, financial situation, or a combination of these criteria. Key information uncovered included specific company accounts payable

and receivable policies and practices, and insight into whether or not these policies adhere to industry best practices.

We completed a total of 64 interviews of the 89 companies we attempted to contact. The detail of the companies surveyed and the survey results can be found in Schedule 7. Because of confidentiality, the respondents' data have not been directly linked to the companies. We listed the companies interviewed in alphabetical order at the top of each section and presented their responses in order of revenues. Sources of this revenue data were taken from the most recent financial profiles found in Hoover's Online and Dun & Bradstreet's Million Dollar Database in November 2003.

**4. Qualifications and background:**

Refer to attached resume (see pages 4 and 5).

## Stuart A. Gollin, CPA, CIRA Partner, Bankruptcy and Insolvency Services

### Practice Strengths

Stuart Gollin possesses over thirty-five years of experience in business turnarounds, bankruptcy and insolvency, litigation support and forensic accounting, finance, mergers and acquisitions, structuring and restructuring of financial instruments, financial accounting and reporting, SEC matters, financial planning and control, and auditing. Working extensively with creditors, debtors, equity holders, attorneys, and bankruptcy trustees, Mr. Gollin has performed extensive consultations on financial, damage, and operational analyses, malpractice issues, business valuations, forensic accounting, and negotiation of settlement offers. In addition, he has assisted clients in the buying and selling of companies and the reorganization and restructuring of debt.

### Affiliations

American Institute of Certified Public Accountants  
New York State Society of Certified Public Accountants  
New Jersey State Society of Certified Public Accountants  
National Association of Accountants  
National Retail Merchants Association  
Association of Insolvency Accountants  
American Bankruptcy Institute  
Turnaround Management Association

### Licenses

Certified Public Accountant, New York  
Certified Public Accountant, New Jersey  
Certified Insolvency and Reorganization Advisors

### Education

BBA, Accounting, City College of New York

### Recent Achievements

Who's Who in America  
Who's Who in Business

Frequent article contributor and lecturer





## Stuart A. Gollin, CPA, CIRA Partner, Bankruptcy and Insolvency Services

### Industry & Case Experience

Morgan Lewis Cogan – Ch 11 Preference Action  
 Rattet Pasternak – Assignee Of Panoramic Estate –Preference Matters  
 Proskauer – DIP Lender In Boundless  
 Balmoral Financial Corp – Bankruptcy Collection  
 Pachulski Stang – Various Preference Matters  
 Hibrige-Zwern Fund – Due Diligence  
 Solomon Green – Mag Corp- Preferences  
 Worsmer Kiley – Sudano Et Al – Ch 11 Trustee  
 Jesco – Represented Ch 11 Trustee, Francis Conrad In Various Recovery Actions  
 NCFE – Analysis Of Securitization For The Pre-Petition Secured Bond Committee  
 Bleyer Industries – Workout  
 Parker Chapin Flattau & Klimpl – Lerner Stores, The Limited V. Touche Ross, Oliver Stores – Litigation Consulting  
 Artha Management – Real Estate – Litigation Consulting  
 Vladick Waldman – Long Island Lighting Company (testified Eastern District New York) – Litigation Consulting  
 Wolf Haldenstein Adler Freeman & Herz – Regina v Peat Marwick (deposed) – Litigation Consulting  
 Bass & Ullman – National Organic – Litigation Consulting  
 Tenzer, Greenblatt, Fallon & Kaplan – Statewide Bank – Litigation Consulting  
 Glass & Howard – Sylans Jewelry – Litigation Consulting  
 Dryer and Traub – Colby Construction – Litigation Consulting  
 Berlack, Israels & Liberman – Hecks, Todd Ship Yard – Litigation Consulting  
 Kaye, Scholler, Fierman, Hays & Handler – Live Entertainment – Litigation Consulting  
 Barry Berman – Cornwall Securities – Litigation Consulting  
 Wilson, Elser, Moskowitz, Edelman & Dicker – Crazy Eddie, Potvin, Stoll – Litigation Consulting  
 Bodian & Earned – Drexel, Edrei Communications – Litigation Consulting  
 Shearman & Sterling – Citispire – Litigation Consulting  
 Cadwalader, Wickersham & Taft – Unilever v. Ernst & Young – Litigation Consulting  
 Caplan & Drysdale – Banco Popular – Litigation Consulting  
 Consolidated Edison – Various Litigation Engagements – Litigation Consulting  
 Cravath Swaine & Moore – Food Services – Litigation Consulting  
 Parker Duryee Rosoff & Haft – Erlich Divorce – Litigation Consulting  
 Eisenberger & Golden – Harvard Knitwear – Litigation Consulting  
 Quirk & Bakalar- United Airlines, Lockerbee, American Airlines, Con Edison  
 Aeroflot-Arbitration



## **SCHEDULE 1**

### **Inacom Corp.**

**Business Description:** Provided IT services and products designed to enhance the productivity of information systems primarily for Fortune 1000 clients.

#### **Services Include:**

Technology planning: determined standard hardware technology, application software, operating system software, and networking platforms.

Technology procurement: coordinated the technology purchase process, requisitioned technology products, processed, tracked, and reported on the status of orders, customized hardware and software configurations, direct deployment to clients' desktops, and shipment tracking.

Technology integration: the Company had products and services available to assist, design and support clients' wide area networks and local area networks and to manage software procurement and license control.

Technology support: the Company provided its clients ongoing support in their distributed technology systems primarily in two major areas: break/fix hardware maintenance and installation, moves, additions and changes.

Technology management: the Company provided technology management services that assessed the current state and future needs of a clients' distributed technology network to maximize the value of the client's investment in its networked systems.

As a single-source provider of information technology services and products, the Company had strived to help its clients optimize their information technology investments and control ongoing costs throughout the entire lifecycle of the clients' technology systems. The Company combined a process improvement approach along with tools and practices gained by experience and trained personnel to assist its clients in managing the entire lifecycle and costs of distributed technology. The Company distinguished itself by being a client advocate, offered manufacturer-independent recommendations to clients that helped clients gain more value and achieve the desired return on investment from their complex and critical distributed technology infrastructure. Inacom demonstrated a leadership position as the largest provider of Intel-based computer systems in North America, the largest provider of IBM, Compaq and Hewlett-Packard PC technologies worldwide and the largest provider of Lucent Technologies communications services worldwide.



**Competitors:**

International Business Machines Corp.  
Electronic Data Systems  
Accenture Ltd.  
AT&T Corp.  
Lucent Technologies Inc.  
CompuCom Systems, Inc.  
General Electric Company  
Computer Associates International, Inc.  
Unisys Corporation

## **SCHEDULE 2**

D&B reports for all of the entities listed below:

Aqua Systems Inc.  
Bell South Corporation  
Cisco Systems Inc.  
Computer Merchant Ltd.  
Cummins Rocky Mountain LLC  
Express Technologies  
Inacom Corp.  
Ingram Micro  
Lexmark International Inc.  
Mach 1 Air Services Incorporated  
Nextel Communications Inc.  
Origin Micro Inc.  
Philips Electronics North America Corp.  
Resilien Inc.  
Sun Microsystems Inc.  
Synnex Information Technologies Inc.  
Tech Data Corporation  
Unisys Corporation  
United Parcel Services Inc.  
Verizon Wireless Inc.

We have obtained the "Detailed Payment History" of each D&B report and analyzed the data. Most of the reports go back only a few months; they do not represent a population sufficient for us to form an opinion on the information.

The D&B report of Inacom Corp. did not contain any information on payment history. We also prepared an "Industry Billing Database" based on the D&B reports.

**SCHEDULE 3****Telecom Companies**

	Total Rec'd #	Dollar Amount \$	% within Terms	Slow 1-30 %	Slow 31-60 %	Slow 61-90 %	Slow 91+ %
Sprint	743	27,740,950	54.80%	16.80%	5.40%	2.00%	20.90%
Cisco	520	88,248,700	88.70%	8.00%	1.50%	1.30%	0.50%
NII Holding	49	1,433,200	31.30%	32.80%	2.50%	8.30%	25.10%
Bell South	119	1,894,400	27.00%	40.40%	31.20%	0.30%	1.00%
AT & T	824	64,991,300	58.70%	34.40%	1.50%	2.60%	2.70%
Comcast	101	1,421,700	50.10%	44.30%	4.90%	0.40%	0.30%
Cox	638	14,240,150	64.40%	23.30%	8.20%	3.60%	0.50%
<b>Total</b>	<b>2994</b>	<b>199,970,400</b>					
<b>Average</b>	<b>428</b>	<b>28,567,200</b>	<b>54%</b>	<b>29%</b>	<b>8%</b>	<b>3%</b>	<b>7%</b>

**Computer Hardware Companies**

Compaq Computer	476	73,922,150	68.40%	22.20%	4.70%	0.30%	4.50%
Ikon	842	13,872,200	60.00%	28.20%	4.70%	2.70%	4.40%
Hewlett Packard	18	240,550	49.30%	0.30%	0.00%	45.80%	4.50%
Allin	21	20,150	60.20%	38.80%	0.00%	0.70%	0.30%
Dell	301	119,136,450	69.50%	21.90%	8.10%	0.30%	0.20%
Tech Express	18	12,550	79.70%	11.90%	5.00%	3.00%	0.40%
Resilien	61	1,151,250	90.80%	7.70%	1.10%	0.30%	0.10%
Synnex	214	65,194,250	94.50%	3.30%	1.40%	0.10%	0.70%
Cummins	190	1,173,000	76.20%	17.20%	4.70%	1.40%	0.40%
Unisys	650	18,070,650	65.60%	24.00%	4.00%	3.60%	2.70%
Philips	839	31,737,900	71.10%	17.20%	7.60%	2.10%	2.00%
Aqua	30	2,315,200	79.60%	20.30%	0.00%	0.00%	0.00%
Origin Micro	15	67,100	60.70%	39.30%	0.00%	0.00%	0.00%
Sun Micro	354	26,418,100	81.80%	14.70%	2.40%	0.90%	0.30%
Lexmark	203	14,319,200	44.90%	51.60%	1.90%	1.20%	0.40%
Tech Data	228	77,574,300	88.70%	8.70%	2.10%	0.20%	0.10%
Advanced micro devices	326	21,955,350	64.50%	23.90%	4.20%	2.60%	4.80%
Affiliated Computers	468	14,247,700	52.30%	17.40%	19.00%	4.00%	7.40%

Analog Devices	416	4,471,200	86.30%	9.60%	2.40%	1.20%	0.50%
Applied Materials	353	25,248,750	62.90%	28.00%	5.60%	1.60%	2.00%
Diebold	627	6,077,750	76.50%	16.40%	4.10%	2.20%	0.80%
Gateway	31	93,650	85.50%	14.50%	0.00%	0.00%	0.00%
IBM	830	98,057,700	60.00%	21.00%	7.00%	4.00%	8.00%
<b>Total</b>	<b>7511</b>	<b>615,377,100</b>					
<b>Average</b>	<b>327</b>	<b>26,755,526</b>	<b>71%</b>	<b>20%</b>	<b>4%</b>	<b>3%</b>	<b>2%</b>

#### Computer Software Companies

Comp. Merchant	29	724,500	84.70%	11.10%	3.50%	0.70%	0.00%
Ingram	354	134,456,100	80.00%	12.70%	5.30%	1.80%	0.20%
Adobe	100	1,857,450	62.40%	18.00%	12.90%	0.00%	6.70%
BMC Software	164	4,046,600	87.40%	3.10%	0.90%	7.70%	1.00%
Electronic Arts	100	6,219,650	91.10%	7.80%	5.00%	7.00%	0.00%
EMC Corp.	388	26,905,450	83.50%	11.30%	3.70%	0.90%	0.50%
Fidelity Information Services	29	107,650	78.80%	6.00%	5.90%	1.20%	8.00%
Spin Circuit	29	107,650	79.00%	6.00%	6.00%	1.00%	8.00%
<b>Total</b>	<b>1193</b>	<b>174,425,050</b>					
<b>Average</b>	<b>149</b>	<b>21,803,131</b>	<b>81%</b>	<b>10%</b>	<b>5%</b>	<b>3%</b>	<b>3%</b>

#### **SCHEDULE 4**

**List of Questions for Database Build-Up:**

1. What are the payment terms as per entity's invoice to their customers?
2. Is it a common practice for their industry to get paid or pay someone outside of the invoice date?
3. What are the payment terms as per entity's bills from their vendors?
4. Are they getting paid timely? If not, what is the standard for the industry on paying the bills?
5. Are there any special deals that the company may offer to various customers?
6. Are there any special deals that the company may offer to various customers that are facing financial difficulty?
7. Are there different sets of credit terms, based on the size of the customer?
8. Receivable, what are the actual receivable terms?



**SCHEDULE 5**

**List of Questions for Strategic Consulting & Research Group Survey:**

1. What are the payment terms as per entity's invoice to their customers?
2. Is it a common practice for their industry to get paid or pay someone outside of the invoice date?
3. What are the payment terms as per entity's bills from their vendors?
4. Are they getting paid timely? If not, what is the standard for the industry on paying the bills?
5. Are there any special deals that the company may offer to various customers?
6. Are there any special deals that the company may offer to various customers that are facing financial difficulty?
7. Are there different sets of credit terms, based on the size of the customer?
8. Receivable, what are the actual receivable terms?

## SCHEDULE 6

## Findings: Accounts Payables

## Telecom Accounts Payables

Successfully surveyed the accounts payables departments of the following 9 telecom companies:

- AT&T Wireless
- Cablevision
- Cingular
- Cisco Systems
- Coming
- Ericsson
- MCI
- Motorola
- Nortel

Revenues (Millions)	Standard payment terms	Pay according to terms?	NO: Is this Common?	YES: Industry Standard?	Common practice to pay or get paid outside of the invoice date?	If there is a discrepancy on the bill?
\$35,179	Net 30, from date of receipt (FDR)	Yes		I think so	We do it	N/A <sup>1</sup>
\$34,956	Most net 30 FDR, might vary depending on contract	Yes		Not sure	We pay according to terms, not sure what others do	N/A
\$26,679	60 days	Yes, if valid PO in system		Not sure	Not sure what others do	N/A
\$18,915	Pay according to terms on contract, Buyers set terms	Yes		Declined to answer	Declined to answer	N/A
\$16,911	30 Days	Yes		Yes	Yes	Bill is sent to Procurement Department
\$14,727	30 days FDR	Yes		Not sure	No	N/A
\$13,610	Most 30 days, some 45 days	Yes		Yes	Yes	Bill goes to the relationship manager
\$10,543	Usually 30, sometimes 60 days	Yes		Yes	Only miss date if customer submits incomplete information	N/A
\$4,003	30 Days	No	Yes, I believe so"		Yes. "Regardless of what you may be hearing, everybody is moving to longer payment periods."	Bill is sent to manager or department head

<sup>1</sup> N/A: Despite additional calls to the company, we were unable to ask this question to the respondent because the appropriate person was not available or declined to address this issue further.

**Computer Hardware Payables**

Successfully surveyed the accounts payables departments of the following 12 computer hardware companies:

- Affiliated Computer Services
- Apple Computer
- Computer Sciences Corp
- Diebold
- EDS
- IBM
- Micron Technology
- NCR
- Nvidia
- Unisys
- Vishay Intertechnology
- Xerox

Revenues (Millions)	Standard payment terms	Pay according to terms?	NO: Is this common?	YES: Industry standard?	Common practice to pay or get paid outside of the invoice date?	If there is a discrepancy on the bill?
\$83,132	45 days, FDR	Yes		Yes	Believe so	N/A <sup>2</sup>
\$21,520	60 days, FDR regardless of the terms	No	No	Declined to answer	Declined to answer	N/A
\$15,588	60 days for checks, 30-45 on P.O.'s (transfers) depending on contract	Yes		Yes	No	N/A
\$11,366	Upon receipt/30 days	No "our policy is 45 days"	No	Not sure	"Not sure of others-our policy is 45 days"	N/A
\$5,742	Upon receipt/30 days	No "our policy is 45 days"	No	Not sure	"Not sure, believe most pay according to policy"	N/A
\$5,607	Net 30 days	Yes		Yes	Declined to answer	Bill is sent to Procurement Department
\$5,585	45 days	Yes		Not sure	Not Sure	Not Sure
\$3,900	30 days	Yes		Yes	Yes	Bill is sent back to originator
\$2,589	Net 45 days	Yes, "try do it in 30 days"		Yes	Not sure	N/A
\$1,940	Net 30 days	Yes		Yes	"Usually, although there are variables-mostly cash flow issues"	Bill is sent to the payables manager
\$1,909	Upon receipt/30 days	Yes		Not sure	Think so	N/A
\$1,823	Net 30 days	Yes, if not sooner		Yes	No	Bill is sent to department head

<sup>2</sup> N/A: Despite additional calls to the company, we were unable to ask this question to the respondent because the appropriate person was not available or declined to address this issue further.

**Computer Software Payables**

Successfully surveyed the accounts payables departments of the following 11 computer software companies:

- BMC
- BV Solutions Group Inc.
- Computer Associates International
- Electronic Arts
- EMC Corp.
- Fidelity Information Services
- 12 Technology
- Intuit
- Novell
- Perot Systems
- Reynolds & Reynolds

Revenues (Millions)	Standard payment terms	Pay according to terms?	NO: Is this common?	YES: Industry standard?	Common practice to pay or get paid outside of the invoice date?	If there is a discrepancy on the bill?
\$8,900	Net 30 days	Yes		Yes	Usually	Bill is sent to contact person
\$5,438	30-45 days FDR	Yes		Yes	Not sure	N/A <sup>3</sup>
\$3,116	Anything from 10-45 days, most 30	Yes		"Probably"	Not sure	N/A
\$1,974	Generally 45 days, sometimes 60 (when client is paying on 60 days terms)	Yes		Yes	Common, yes, sometimes there are delays from client (when pass through contracts)	N/A
\$1,725	Net 30 days	Yes		Yes	Not sure	Bill is sent back to purchasing department
\$1,650	45 days	Yes		Yes	Yes	Bill is sent back to procurement department
\$1,332	Upon receipt/30 days	Yes		"Probably"	"Probably since as a service company most of our invoices are utilities, office products, subscriptions, etc."	N/A
\$1,327	Upon receipt/30 days	Yes		Yes	Not sure	N/A
\$1,134	Upon receipt/30 days	Yes		Yes	"I think so"	N/A
\$992	Net 45 days	Yes		Yes	No	N/A
\$908	Net 45 days	Yes		Yes	No	Bill is sent back for approval

<sup>3</sup> N/A: Despite additional calls to the company, we were unable to ask this question to the respondent because the appropriate person was not available or declined to address this issue further.

**Findings: Accounts Receivables****Telecom Accounts Receivables**

Successfully surveyed the accounts receivables departments of the following 9 telecom companies:

- Alltel
- AT&T Wireless
- Avaya
- Cablevision
- Cingular
- Corning
- MCI
- Motorola
- Verizon Wireless

Revenues (Millions)	Standard payment terms	Details of Special Terms Based on:			Common Practice/Details
		Relationship	Financial Situation	Company Size	
\$35,179	Net 30	Yes	Yes, deferred payment	Yes	Probably
\$34,956	Most net 30, but depends on contract	Yes	Will reconsider terms	Yes	Yes, since most pay us on time
		Yes, length of relationship matters		Yes, larger orders and bigger companies get better/longer terms	
\$26,679	Range from 10-90 days		Yes, deferred payment		Probably
\$19,260	30 days in advance	No	Carry 3 months	Yes	Probably
\$17,350	30 days	Yes	Yes, after 6 months	Yes	Not sure
\$14,727	30 days	Yes	Yes	Yes	Probably
\$13,610	30 days	Yes	Yes	Yes	"Most offer some discounts"
\$4,956	30 days	Yes	"Sure we do"	Yes	Declined to answer
\$4,003	30 days	Yes	Yes	Yes	"Most companies work with clients"



**Computer Hardware Receivables**

Successfully surveyed the accounts receivables departments of the following 12 computer hardware companies:

- Acer
- Affiliated Computer Services
- Diebold
- EDS
- Hitachi
- IBM
- NCR
- Nvidia
- Sharp
- Unisys
- Vishay Intertechnology
- Xerox

		Details of Special Terms Based on:			
Revenues (Millions)	Standard payment terms	Relationship	Financial Situation	Company Size	Common Practice/Details
\$83,132	Due upon receipt/40 days	Declined to answer	Declined to answer	Declined to answer	Declined to answer
\$69,343	30 days	Yes, will work out deals for valued customers	Yes, will work out deals for valued customers	Yes	Probably
\$21,502	30 days	Yes, project manager may change terms	Collections may make an arrangement	Yes, project manager may change terms	Declined to answer
\$16,714	30/45 days depending on unit	"Imagine so"	Not sure	"Imagine so"	"I guess so"
	30-60 days, depending on contract. More 30 days then the others combined	Yes	Yes	Yes	Yes
\$15,586					
\$5,607	30 days	Yes	Yes	Yes	Not sure
\$5,585	30 days	Yes	Yes	Yes	Yes
\$3,900	45 days	Yes	Yes	Yes	Yes
		Yes	Yes	Yes	Some do, some don't, some put it in the mail on the 30th day
\$3,070	Net 30				
\$1,940	30 days	Yes	Yes	Yes	Probably
\$1,909	Net 30	Yes, with team consultation	Yes, with credit department consultation	Yes, with team consultation	Probably
\$1,823	30 days	Yes	Yes	Yes	Yes

**Computer Software Receivables**

Successfully surveyed the accounts receivables departments of the following 11 computer software companies:

- BMC
- Perot Systems
- Novell
- I2 Technology
- Intuit
- Fidelity Information Services
- EMC Corp.
- Electronic Arts
- Compuware
- Computer Associates International Inc.
- BV Solutions Group Inc.

Revenues (Millions)	Standard payment terms	Details of Special Terms Based on:			Company Size	Common Practice/Details
		Relationship	Financial Situation			
\$8,900	30 days w/15 day grace	Yes	Yes	Yes	Yes	"I imagine most work with clients"
\$5,438	45 days "some contract will differ." Must fit into pre-arranged standards (i.e. 30 or 60 day)	Yes	Yes	Yes	Yes	Not sure
\$3,116	30 days, some 45 if company needs it	Yes	Yes	Yes	Yes	Yes
\$1,974	Net 30	Yes, through project manager	Yes	Yes, through project manager	Yes, through project manager	Imagine so
\$1,725	30 days	Declined to answer	Declined to answer	Declined to answer	Declined to answer	Declined to answer
\$1,650	Most 30 days	Yes	Yes	Yes	Yes	Not sure
\$1,375	Upon receipt	Declined to answer	Declined to answer	Declined to answer	Declined to answer	"I really don't know"
\$1,332	10-45 days, depending on contract	Some negotiating power	"Strong financial situation will help"	Some negotiating power	Some negotiating power	Certain sectors seem to while others do not. Healthcare seems to turn around in days while industrial/construction push to 45 days
\$1,327	Net upon receipt	No	No	No	No	No, we are interested in protecting ourselves legally
\$1,134	Varies with each case	Yes, with team approach	Yes, with team approach	Yes, with team approach	Yes, with team approach	Probably
\$908	30 days	Yes	Yes	Yes	Yes	Not sure

## NII Holding

Total in D&amp;B's File 55 1,449,400

	Total Rec'd #	Dollar Amount \$	Amount with in Terms	Slow 1-30 \$	Slow 31-60 \$	Slow 61-90 \$	Slow 91+ \$
INDUSTRY							
Telephone communictns	15	1,267,350	392,879	405,552	12,674	101,388	354,858
Mfg photograph equip	5	25,000	12,500	12,500	0	0	0
Radiotelephone commun	5	5,250	0	1,365	0	0	3,885
Data processing svcs	4	33,000	17,820	15,180	0	0	0
Nonclassified	3	7,600	7,600	0	0	0	0
Newspaper-print/publ	1	35,000	0	0	17,500	17,500	0
Mfg manifold forms	1	15,000	0	15,000	0	0	0
Mfg computers	1	10,000	10,000	0	0	0	0
Help supply service	1	10,000	0	10,000	0	0	0
Trucking non-local	1	7,500	0	7,500	0	0	0
General warehousing	1	5,000	5,000	0	0	0	0
Whol computers/softwr	1	5,000	0	2,500	2,500	0	0
Whol electronic parts	1	2,500	1,250	0	1,250	0	0
Arrange cargo transpt	1	2,500	0	0	1,250	0	1,250
Air courier service	1	1,000	1,000	0	0	0	0
Ret-direct selling	1	1,000	1,000	0	0	0	0
Mfg soap/detergents	1	250	0	125	0	125	0
Misc coml printing	1	100	100	0	0	0	0
Executive office	1	50	50	0	0	0	0
Misc general gov't	1	50	50	0	0	0	0
Legislative body	1	50	50	0	0	0	0
Coating/engrave svcs	1	0	0	0	0	0	0
	49	1,433,200	449,299	469,722	35,174	119,013	359,993

**SCHEDULE 7**

The interviews by industry and department are:

<b>Industry</b>	<b>Companies Contacted</b>	<b>Department</b>	<b>Completed Interviews</b>
<b><i>Telecom</i></b>	<b>24</b>	<b><i>Payables</i></b>	<b>9</b>
		<b><i>Receivables</i></b>	<b>9</b>
<b><i>Hardware</i></b>	<b>39</b>	<b><i>Payables</i></b>	<b>12</b>
		<b><i>Receivables</i></b>	<b>12</b>
<b><i>Software</i></b>	<b>26</b>	<b><i>Payables</i></b>	<b>11</b>
		<b><i>Receivables</i></b>	<b>11</b>
<b><i>Total</i></b>	<b>89</b>		<b>64</b>

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**Companies Contacted For This Assignment**

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**Telecom Companies**

Contacted the following 24 telecom companies:

- Alcatel
- Alltel
- AT&T Corp.
- AT&T Wireless Services
- Avaya
- Cablevision Systems
- Charter Communications
- Cingular Wireless
- Cisco Systems
- Comcast
- Corning
- Cox Communications
- Echostar Communications
- Ericsson
- L-3 Communications
- Lucent Technologies
- MCI
- Motorola
- Nokia
- Nortel Networks
- Qwest Communications
- SBC Communications Inc.
- Sprint
- Verizon Wireless

**Computer Hardware Companies**

Contacted the following 39 computer hardware companies:

- Acer America Corp.
- Affiliated Computer Services Inc.
- Advanced Micro Devices
- Analog Devices
- Apple Computer
- Applied Materials
- Compaq
- Computer Sciences Corp.
- Diebold Inc
- EDS
- Electronic Data Systems Corp.
- EMC
- Fujitsu
- Gateway
- Hewlett-Packard Co.
- Hitachi
- IBM
- Intel Corp.
- Jabil Circuit
- LSI Logic
- Maxtor Corp.
- Micron Technology
- NCR
- NEC
- Nortel Networks
- Nvidia
- Samsung
- Sanmina-SCI
- Sharp
- Siemens
- Solectron
- Sony
- Storage Technology Corp.
- Texas Instruments
- Toshiba
- Unisys Corp.
- Vishay Intertechnology
- Western Digital Corp.
- Xerox



### **Computer Software Companies**

Contacted the following 26 computer software companies:

- Adobe Systems Inc.
- BMC Software Inc.
- BV Solutions Group Inc.
- Cadence Design Systems
- Computer Associates International
- Compuware Corp.
- Electronic Arts
- EMC Corp.
- Fidelity Information Services,
- Harris Corp.
- I2 technology
- Imation Corp.
- Intuit Inc.
- Microsoft
- Novell Systems
- Oracle Corp.
- PeopleSoft Inc.
- Perot Systems
- Reynolds & Reynolds
- SAS Institute Inc.
- Siebel Systems
- Symantec
- Titan Corp
- Verisign
- Veritas Software
- ViewSonic Corp.

### **Telecom Accounts Payables**

Successfully surveyed the accounts payable departments of the following telecom companies:

- |                 |            |
|-----------------|------------|
| ▪ AT&T Wireless | ▪ Ericsson |
| ▪ Cablevision   | ▪ MCI      |
| ▪ Cingular      | ▪ Motorola |
| ▪ Cisco Systems | ▪ Nortel   |
| ▪ Corning       |            |

### **Computer Hardware Payables**

Successfully surveyed the accounts payables departments of the following 12 computer hardware companies:

- |                                |                          |
|--------------------------------|--------------------------|
| ▪ Affiliated Computer Services | ▪ Micron Technology      |
| ▪ Apple Computer               | ▪ NCR                    |
| ▪ Computer Sciences Corp.      | ▪ Nvidia                 |
| ▪ Diebold                      | ▪ Unisys                 |
| ▪ EDS                          | ▪ Vishay Intertechnology |
| ▪ IBM                          | ▪ Xerox                  |

### **Computer Software Payables**

Successfully surveyed the accounts payables departments of the following 11 computer software companies:

- |                                     |                       |
|-------------------------------------|-----------------------|
| ▪ BMC                               | ▪ I2 Technology       |
| ▪ BV Solutions Group Inc.           | ▪ Intuit              |
| ▪ Computer Associates International | ▪ Novell              |
| ▪ Electronic Arts                   | ▪ Perot Systems       |
| ▪ EMC Corp.                         | ▪ Reynolds & Reynolds |
| ▪ Fidelity Information Services     |                       |

### **Telecom Accounts Receivables**

Successfully surveyed the accounts receivables departments of the following 9 telecom companies:

- Alltel
- AT&T Wireless
- Avaya
- Cablevision
- Cingular
- Coming
- MCI
- Motorola
- Verizon Wireless

### **Computer Hardware Receivables**

Successfully surveyed the accounts receivables departments of the following 12 computer hardware companies:

- Acer
- Affiliated Computer Services
- Diebold
- EDS
- Hitachi
- IBM
- NCR
- Nvidia
- Sharp
- Unisys
- Vishay Intertechnology
- Xerox

### **Computer Software Receivables**

Successfully surveyed the accounts receivables departments of the following 11 computer software companies:

- BMC
- Perot Systems
- Novell
- 12 Technology
- Intuit
- Fidelity Information Services
- EMC Corp.
- Electronic Arts
- Compuware
- Computer Associates International Inc.
- BV Solutions Group Inc.

**EXHIBITS**

- 1) One Source Reports
- 2) Various D&B Reports
- 3) D&B Payment Analysis Reports
- 4) List of Questions for Database Build-up
- 5) List of Questions for Strategic Consulting & Research Group Survey
- 6) Find/SVP Industry Analysis
- 7) Companies Surveyed and Survey Results